

AMENDED IN ASSEMBLY JUNE 2, 2003
AMENDED IN ASSEMBLY APRIL 21, 2003
AMENDED IN ASSEMBLY MARCH 25, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1221

**Introduced by Assembly Members Steinberg and Campbell
(Principal coauthor: Assembly Member Montanez)
(Coauthors: Assembly Members *Chan*, *Leno*, *Lieber*, *Mullin*, and
Wiggins)**

February 21, 2003

An act to amend Section 29530 of, *and to add Chapter 6.3 (commencing with Section 30020) to Division 3 of Title 3 of*, the Government Code, to amend Sections ~~6051, 6201, 7202~~, 7202 and 7203 of, and to add Section 97.68 to, the Revenue and Taxation Code, relating to taxation, *and making an appropriation therefor*.

LEGISLATIVE COUNSEL'S DIGEST

AB 1221, as amended, Steinberg. Taxation.

(1) Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. Existing property tax law also reduces the amounts of ad valorem property tax revenue that would otherwise be annually allocated to the county, cities, and special

districts pursuant to these general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, that the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education.

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes a county to impose a local sales and use tax at a rate of $1\frac{1}{4}\%$, and similarly authorizes a city, located within a county imposing such a tax rate, to impose a local sales tax rate of 1% that is credited against the county rate. Existing law requires a city, county, or city and county imposing a local sales and use tax pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law to contract with the State Board of Equalization to administer the local sales and use tax. Existing law also requires the board, at least twice during each calendar quarter, to transmit local sales and use tax revenue to the city, county, or city and county in which the revenue was collected.

This bill would, on and after July 1, ~~2004~~, *of the base fiscal year, as defined*, prohibit a city from imposing a sales and use tax under the Bradley-Burns Uniform Local Sales and Use Tax Law at a rate in excess of $\frac{1}{2}$ of 1% and prohibit a county from imposing sales and use tax under that law at a rate in excess of $\frac{3}{4}$ of 1%.

This bill would also, for the ~~2004–05~~ *base fiscal year, as defined*, increase the amount of ad valorem property tax revenue deemed allocated to a county or city in the ~~2003–04~~ *immediately preceding* fiscal year by that county or city's reimbursement amount, as defined, and correspondingly decrease the amount of ad valorem property tax revenue allocated to a county's Educational Revenue Augmentation Fund by the countywide adjustment amount, as defined. *This bill would also, for the fiscal year immediately following the base fiscal year, increase the amount of ad valorem property tax revenue deemed allocated to a county or city in the base fiscal year by that county or city's adjusted reimbursement amount, as defined, and correspondingly decrease the amount of ad valorem property tax revenue allocated to a county's Educational Revenue Augmentation Fund by the adjusted countywide adjustment amount, as defined. This bill would also*

prohibit these provisions from being construed to require the auditor to allocate additional ad valorem property tax revenues to a redevelopment agency. This bill would also require the board to make certain calculations and to notify county auditors of these calculations. This bill would render inoperative other provisions of the bill if a specified statute is amended in a manner that reduces the amount of ad valorem property tax revenue that is allocated to cities and counties under the bill. This bill would also make conforming changes to corresponding provisions. By imposing new duties upon local tax officials in the annual allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.

~~(2) The California Constitution requires for each fiscal year that a minimum amount of money, computed under one of 3 formulas, be set aside from all state revenues for the support of school districts and community college districts.~~

~~This bill would state the intent of the Legislature that the state maintain its aggregate funding obligations under these provisions.~~

~~(3)–~~

(2) The Sales and Use Tax Law provides for the levy of a state sales and use tax upon the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property.

~~This bill would, on and after July 1, 2004, increase the sales and use tax rate under that law by $\frac{1}{2}$ of 1%.~~

~~This bill would result in a change in state taxes for the purpose of increasing revenues within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of $\frac{2}{3}$ of the membership of each house of the Legislature.~~

~~(4)–~~ property. *In addition to the rates imposed pursuant to that law, the California Constitution imposes a sales and use tax at a rate of $\frac{1}{2}$ of 1% for allocation to qualified counties for public safety purposes, as specified. A proposed amendment to the California Constitution, ACA —, would impose another additional sales and use tax at a rate $\frac{1}{2}$ of 1% for allocation to school entities, as specified. That measure would establish the State School Assistance Fund for Education in the State Treasury and a School Assistance Fund for Education (SAFE) in each county to receive revenues derived from the proposed additional sales and use tax, as provided.*

This bill would make an appropriation by continuously appropriating moneys in the State SAFE to county SAFEs, as specified.

This bill would also require county auditors to allocate moneys from a county SAFE to school districts, county offices of education, community college districts, and, if applicable, county superintendents of schools in the same manner as ad valorem property tax revenues are allocated to these entities from a county Educational Revenue Augmentation Fund. By imposing new duties upon local tax officials in the annual allocation of these revenues, this bill would impose a state-mandated local program.

This bill would become effective only if ACA ____ is approved by voters.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: $\frac{2}{3}$ majority. Appropriation: ~~no~~ yes. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known and may be cited as the
 2 California Balanced Communities Act of 2003.
 3 SEC. 2. Section 29530 of the Government Code is amended
 4 to read:
 5 29530. (a) If the board of supervisors so agrees by contract
 6 with the State Board of Equalization, the board of supervisors shall
 7 establish a local transportation fund in the county treasury and
 8 shall deposit in the fund all revenues transmitted to the county by
 9 the State Board of Equalization under Section 7204 of the Revenue
 10 and Taxation Code, which are derived from that portion of the
 11 taxes imposed by the county at a rate in excess of 1 percent, and
 12 on and after July 1, 2004, in excess of one-half of 1 percent,
 13 pursuant to Part 1.5 (commencing with Section 7200) of Division
 14 2 of that code, less an allocation of the cost of the services of the

1 State Board of Equalization in administering the sales and use tax
2 ordinance related to the rate in excess of 1 percent, and on and after
3 July 1, 2004, in excess of one-half of 1 percent, and of the Director
4 of Transportation and the Controller in administering the
5 responsibilities assigned to him or her in Chapter 4 (commencing
6 with Section 99200) of Part 11 of Division 10 of the Public
7 Utilities Code.

8 (b) Any interest or other income earned by investment or
9 otherwise of the local transportation fund shall accrue to and be a
10 part of the fund.

11 SEC. 3. *Chapter 6.3 (commencing with Section 30020) is*
12 *added to Division 3 of Title 3 of the Government Code, to read:*
13

14 CHAPTER 6.3. SCHOOL ASSISTANCE FUND FOR EDUCATION (SAFE)
15

16 30020. (a) *Notwithstanding Section 13340, moneys in the*
17 *State School Assistance Fund for Education, established in the*
18 *State Treasury by Section 36 of Article XIII of the California*
19 *Constitution, are hereby continuously appropriated, without*
20 *regard to fiscal years, to the Controller for allocation to the School*
21 *Assistance Fund for Education in each county. Each county's*
22 *School Assistance Fund for Education shall be allocated an*
23 *amount that is equal to the amount of revenue, less refunds, derived*
24 *in that county from the taxes imposed pursuant to Section 36 of*
25 *Article XIII of the California Constitution.*

26 (b) *On or before the 27th day of each month, the Controller*
27 *shall allocate to each county School Assistance Fund for*
28 *Education the amounts deposited and remaining unexpended and*
29 *unresolved in the State School Assistance Fund for Education as*
30 *of the 15th day of each month.*

31 (c) (1) *On or before August 20 of the base fiscal year, and on*
32 *or before the 20th day of each month thereafter, the county auditor*
33 *shall allocate moneys from a county School Assistance Fund for*
34 *Education according to this subdivision to school districts and*
35 *county offices of education, in total, and to community college*
36 *districts, in total, in the same proportion that property tax revenues*
37 *were distributed to school districts and county offices of education,*
38 *in total, and community college districts, in total, during the base*
39 *fiscal year.*

1 (2) *The county auditor shall, based on information provided by*
2 *the county superintendent of schools pursuant to this paragraph,*
3 *allocate that proportion of the revenue in the School Assistance*
4 *Fund for Education to be allocated to school districts and county*
5 *offices of education only to those school districts and county*
6 *offices of education within the county that are not excess tax school*
7 *entities, as defined in subdivision (n) of Section 95. The county*
8 *superintendent of schools shall determine the amount to be*
9 *allocated to each school district in inverse proportion to the*
10 *amounts of property tax revenue per average daily attendance in*
11 *each school district. For each county office of education, the*
12 *allocation shall be made based on the historical split of base*
13 *property tax revenue between the county office of education and*
14 *school districts within the county. In no event shall any additional*
15 *money be allocated from the School Assistance Fund for*
16 *Education to a school district or county office of education upon*
17 *that district or county office of education becoming an excess tax*
18 *school entity. If, after determining the amount to be allocated to*
19 *each school district and county office of education, the county*
20 *superintendent of schools determines there are still additional*
21 *funds to be allocated, the county superintendent of schools shall*
22 *determine the remainder to be allocated in inverse proportion to*
23 *the amounts of property tax revenue, excluding Educational*
24 *Revenue Augmentation Fund moneys, per average daily*
25 *attendance in each remaining school district, and on the basis of*
26 *the historical split described above for each county office of*
27 *education that is not an excess tax school entity, until all funds that*
28 *would not result in a school district or county office of education*
29 *becoming an excess tax school entity are allocated. The county*
30 *superintendent of schools may determine the amounts to be*
31 *allocated between each school district and county office of*
32 *education to ensure that all funds that would not result in a school*
33 *district or county office of education becoming an excess tax*
34 *school entity are allocated.*

35 (3) *The county auditor shall, based on information provided by*
36 *the Chancellor of the California Community Colleges pursuant to*
37 *this paragraph, allocate that proportion of the revenue in the*
38 *School Assistance Fund for Education to be allocated to*
39 *community college districts only to those community college*
40 *districts within the county that are not excess tax school entities,*



1 as defined in subdivision (n) of Section 95. The chancellor shall
2 determine the amount to be allocated to each community college
3 district in inverse proportion to the amounts of property tax
4 revenue per funded full-time equivalent student in each community
5 college district. In no event shall any additional money be
6 allocated from the School Assistance Fund for Education to a
7 community college district upon that district becoming an excess
8 tax school entity.

9 (4) (A) If, after making the allocation required pursuant to
10 paragraph (2), the auditor determines that there are still
11 additional funds to be allocated, the auditor shall allocate those
12 excess funds pursuant to paragraph (3). If, after making the
13 allocation pursuant to paragraph (3), the auditor determines that
14 there are still additional funds to be allocated, the auditor shall
15 allocate those excess funds pursuant to paragraph (2). If, after
16 determining the amount to be allocated to each community college
17 district, the Chancellor of the California Community Colleges
18 determines that there are still additional funds to be allocated, the
19 Chancellor of the California Community Colleges shall determine
20 the remainder to be allocated to each community college district
21 in inverse proportion to the amounts of property tax revenue,
22 excluding Educational Revenue Augmentation Fund moneys, per
23 funded full-time equivalent student in each remaining community
24 college district that is not an excess tax school entity until all funds
25 that would not result in a community college district becoming an
26 excess tax school entity are allocated.

27 (B) If, after making the allocations pursuant to paragraphs (2)
28 and (3) and subparagraph (A), the auditor determines that there
29 are still additional funds to be allocated, the auditor shall allocate
30 those excess funds to the county superintendent of schools. Funds
31 allocated pursuant to this paragraph shall be counted as property
32 tax revenues for special education programs in augmentation of
33 the amount calculated pursuant to Section 2572 of the Education
34 Code, to the extent that those property tax revenues offset state aid
35 for county offices of education and school districts within the
36 county pursuant to subdivision (c) of Section 56836.08 of the
37 Education Code.

38 (d) For purposes of this section, “base fiscal year” means the
39 fiscal year that immediately follows the fiscal year in which

1 *Assembly Constitutional Amendment _____ of the 2003–04*
2 *Regular Session is approved by the voters.*

3 *SEC. 4.* Section 97.68 is added to the Revenue and Taxation
4 Code, to read:

5 97.68. (a) Notwithstanding any other provision of this
6 chapter, for purposes of annual ad valorem property tax revenue
7 allocations in the ~~2004–05~~ base fiscal year, all of the following
8 apply:

9 (1) The total amount of ad valorem property tax revenue
10 deemed allocated to a county in the ~~2003–04~~ immediately
11 preceding fiscal year shall be increased by the county
12 reimbursement amount.

13 (2) The total amount of ad valorem property tax revenue
14 deemed allocated to a city in the ~~2003–04~~ immediately preceding
15 fiscal year shall be increased by that city's city reimbursement
16 amount.

17 (3) The total amount of ad valorem property tax revenue
18 deemed allocated to a county's Educational Revenue
19 Augmentation Fund in the ~~2003–04~~ immediately preceding fiscal
20 year shall be reduced by the countywide adjustment amount.

21 ~~(b) For the 2004–05 fiscal year and each fiscal year thereafter,~~

22 (b) Notwithstanding any other provision of this chapter, for
23 purposes of annual ad valorem property tax revenue allocations in
24 the fiscal year immediately following the base fiscal year, all of the
25 following apply:

26 (1) The total amount of ad valorem property tax revenue
27 deemed allocated to a county in the base fiscal year shall be
28 increased by the adjusted county reimbursement amount.

29 (2) The total amount of ad valorem property tax revenue
30 deemed allocated to a city in the base fiscal year shall be increased
31 by that city's adjusted city reimbursement amount.

32 (3) The total amount of ad valorem property tax revenue
33 deemed allocated to a county's Educational Revenue
34 Augmentation Fund in the base fiscal year shall be reduced by the
35 adjusted countywide adjustment amount.

36 (c) (1) For the fiscal year immediately following the base
37 fiscal year and each fiscal year thereafter, ad valorem property tax
38 revenue allocations made pursuant to Section 96.1 shall fully
39 incorporate the allocation adjustments required by this section.

40 ~~(e) Any reduction resulting from subdivision (a) in the amount~~

(2) *Notwithstanding any other provision of law, in the fiscal year that immediately follows the base fiscal year and each fiscal year thereafter, this section may not be construed to require the county auditor to allocate additional ad valorem property tax revenue to a redevelopment agency.*

(d) *Any reduction resulting from subdivision (a) or (b) in the amount of ad valorem property tax revenue deposited in a county's Educational Revenue Augmentation Fund shall be applied exclusively to reduce the amount of revenue allocated from that fund to school districts and county offices of education, and may not be applied to reduce the amount of revenue allocated from that fund to community college districts.*

~~(d)~~

(e) *For purposes of this section:*

(1) "City reimbursement amount" means the difference between the following two amounts:

(A) The amount of revenue that a city would have received pursuant to Section 7204 in the ~~2003-04 fiscal year~~ *fiscal year that immediately preceded the base fiscal year* if that city had imposed a sales and use tax at a rate of one-half of 1 percent.

(B) The amount of revenue that the city received pursuant to Section 7204 in the ~~2003-04 fiscal year~~ *fiscal year that immediately preceded the base fiscal year*.

(2) "County reimbursement amount" means the difference between the following two amounts:

(A) The amount of revenue that the county would have received pursuant to Section 7204 in the ~~2003-04 fiscal year~~ *fiscal year that immediately preceded the base fiscal year* if that county had imposed a sales and use tax at a rate of three-quarters of 1 percent.

(B) The amount of revenue that the county received pursuant to Section 7204 in the ~~2003-04 fiscal year~~ *fiscal year that immediately preceded the base fiscal year*.

(3) "Countywide adjustment amount" means the combined total amounts determined pursuant to paragraphs ~~(2) and (3)~~ (1) and (2) for the county and each city in that county.

(4) (A) "Adjusted city reimbursement amount" means, with respect to a city, the difference between the following two amounts:

(i) *The product, rounded to the nearest cent, of the following two amounts:*

1 (I) 0.5.
2 (II) The sum of the following two amounts:
3 (aa) That city's city reimbursement amount.
4 (ab) The amount of revenue that that city received in the base
5 fiscal year pursuant to Section 7204.
6 (ii) That city's city reimbursement amount.
7 (B) Notwithstanding subparagraph (A), if a city's city
8 reimbursement amount equals or exceeds the amount determined
9 in clause (i) of subparagraph (A), that city does not have an
10 adjusted city reimbursement amount.
11 (5) (A) "Adjusted county reimbursement amount" means,
12 with respect to a county, the difference between the following two
13 amounts:
14 (i) The product, rounded to the nearest cent, of the following
15 two amounts:
16 (I) 0.5.
17 (II) The sum of the following two amounts:
18 (aa) That county's county reimbursement amount.
19 (ab) The amount of revenue that that county received in the
20 base fiscal year pursuant to Section 7204.
21 (ii) That county's county reimbursement amount.
22 (B) Notwithstanding subparagraph (A), if a county's county
23 reimbursement amount equals or exceeds the amount determined
24 in clause (i) of subparagraph (A), that county does not have an
25 adjusted county reimbursement amount.
26 (6) "Adjusted countywide adjustment amount" means the
27 combined total amounts, if any, determined pursuant to
28 paragraphs (4) and (5) for the county and each city in that county.
29 (7) "Base fiscal year" means the fiscal year that immediately
30 follows the fiscal year in which Assembly Constitutional
31 Amendment ____ of the 2003–04 Regular Session is approved by
32 the voters.
33 (8) The board shall make the calculations specified in
34 paragraphs (1) and (2), and shall notify the auditor of each county
35 of these amounts on or before July 14, 2004.
36 ~~SEC. 4. Section 6051 of the Revenue and Taxation Code is~~
37 ~~amended to read:~~
38 ~~6051. For the privilege of selling tangible personal property~~
39 ~~at retail a tax is hereby imposed upon all retailers at the rate of 2½~~
40 ~~percent of the gross receipts of any retailer from the sale of all~~

~~tangible personal property sold at retail in this state on or after August 1, 1933, and to and including June 30, 1935, and at the rate of 3 percent thereafter, and at the rate of $2\frac{1}{2}$ percent on and after July 1, 1943, and to and including June 30, 1949, and at the rate of 3 percent on and after July 1, 1949, and to and including July 31, 1967, and at the rate of 4 percent on and after August 1, 1967, and to and including June 30, 1972, and at the rate of $3\frac{3}{4}$ percent on and after July 1, 1972, and to and including June 30, 1973, and at the rate of $4\frac{3}{4}$ percent on and after July 1, 1973, and to and including September 30, 1973, and at the rate of $3\frac{3}{4}$ percent on and after October 1, 1973, and to and including March 31, 1974, and at the rate of $4\frac{3}{4}$ percent to and including June 30, 2004, and at the rate of $5\frac{1}{4}$ percent on and after July 1, 2004.~~

~~SEC. 5. Section 6201 of the Revenue and Taxation Code is amended to read:~~

~~6201. An excise tax is hereby imposed on the storage, use, or other consumption in this state of tangible personal property purchased from any retailer on or after July 1, 1935, for storage, use, or other consumption in this state at the rate of 3 percent of the sales price of the property, and at the rate of $2\frac{1}{2}$ percent on and after July 1, 1943, and to and including June 30, 1949, and at the rate of 3 percent on and after July 1, 1949, and to and including July 31, 1967, and at the rate of 4 percent on and after August 1, 1967, and to and including June 30, 1972, and at the rate of $3\frac{3}{4}$ percent on and after July 1, 1972, and to and including June 30, 1973, and at the rate of $4\frac{3}{4}$ percent on and after July 1, 1973, and to and including September 30, 1973, and at the rate of $3\frac{3}{4}$ percent on and after October 1, 1973, and to and including March 31, 1974, and at the rate of $4\frac{3}{4}$ percent to and including June 30, 2004, and at the rate of $5\frac{1}{4}$ percent on and after July 1, 2004.~~

~~SEC. 6. of these amounts on or before July 14 of the base fiscal year.~~

~~(9) The board shall make the calculations specified in paragraphs (4) and (5), and shall notify the auditor of each county of these amounts on or before July 14 of the fiscal year immediately following the base fiscal year.~~

~~SEC. 5. Section 7202 of the Revenue and Taxation Code is amended to read:~~

~~7202. (a) The sales tax portion of any sales and use tax ordinance adopted under this part shall be imposed for the~~

1 privilege of selling tangible personal property at retail, and shall
2 include provisions in substance as follows:

3 ~~(a)~~

4 (1) A provision imposing a tax for the privilege of selling
5 tangible personal property at retail upon every retailer in the
6 county at the rate of $1\frac{1}{4}$ percent, and on and after ~~July 1, 2004~~ *July*
7 *1 of the base fiscal year*, three-quarters of 1 percent, of the gross
8 receipts of the retailer from the sale of all tangible personal
9 property sold by that person at retail in the county.

10 ~~(b)~~

11 (2) Provisions identical to those contained in Part 1
12 (commencing with Section 6001), insofar as they relate to sales
13 taxes, except that the name of the county as the taxing agency shall
14 be substituted for that of the state and that an additional seller's
15 permit shall not be required if one has been or is issued to the seller
16 under Section 6067.

17 ~~(c)~~

18 (3) A provision that all amendments subsequent to the effective
19 date of the enactment of Part 1 (commencing with Section 6001)
20 relating to sales tax and not inconsistent with this part, shall
21 automatically become a part of the sales tax ordinance of the
22 county.

23 ~~(d)~~

24 (4) A provision that the county shall contract prior to the
25 effective date of the county sales and use tax ordinances with the
26 State Board of Equalization to perform all functions incident to the
27 administration or operation of the sales and use tax ordinance of
28 the county. This contract shall contain a provision that the county
29 agrees to comply with the provisions of Article 11 (commencing
30 with Section 29530) of Chapter 2 of Division 3 of Title 3 of the
31 Government Code.

32 ~~(e)~~

33 (5) A provision that the ordinance may be made inoperative not
34 less than 60 days, but not earlier than the first day of the calendar
35 quarter, following the county's lack of compliance with Article 11
36 (commencing with Section 29530) of Chapter 2 of Division 3 of
37 Title 3 of the Government Code or following an increase by any
38 city within the county of the rate of its sales or use tax above the
39 rate in effect at the time the county ordinance was enacted.

40 ~~(f)~~

1 (6) A provision that the amount subject to tax shall not include
2 the amount of any sales tax or use tax imposed by the State of
3 California upon a retailer or consumer.

4 ~~(g)~~

5 (7) A provision that there is exempted from the sales tax 80
6 percent of the gross receipts from the sale of tangible personal
7 property, other than fuel or petroleum products, to operators of
8 aircraft to be used or consumed principally outside the county in
9 which the sale is made and directly and exclusively in the use of
10 the aircraft as common carriers of persons or property under the
11 authority of the laws of this state, the United States, or any foreign
12 government.

13 ~~(h)~~

14 (8) A provision that any person subject to a sales and use tax
15 under the county ordinance shall be entitled to credit against the
16 payment of taxes due under that ordinance the amount of sales and
17 use tax due to any city in the county; provided, that the city sales
18 and use tax is levied under an ordinance including provisions in
19 substance as follows:

20 ~~(1)~~

21 (A) A provision imposing a tax for the privilege of selling
22 tangible personal property at retail upon every retailer in the city
23 at the rate of 1 percent or less, and on and after ~~July 1, 2004~~ *July*
24 *1 of the base fiscal year*, one-half of 1 percent or less, of the gross
25 receipts of the retailer from the sale of all tangible personal
26 property sold by that person at retail in the city and a use tax of 1
27 percent or less of purchase price upon the storage, use or other
28 consumption of tangible personal property purchased from a
29 retailer for storage, use or consumption in the city.

30 ~~(2)~~

31 (B) Provisions identical to those contained in Part 1
32 (commencing with Section 6001), insofar as they relate to sales
33 and use taxes, except that the name of the city as the taxing agency
34 shall be substituted for that of the state (but the name of the city
35 shall not be substituted for the word “state” in the phrase “retailer
36 engaged in business in this state” in Section 6203 nor in the
37 definition of that phrase in Section 6203) and that an additional
38 seller’s permit shall not be required if one has been or is issued to
39 the seller under Section 6067.

40 ~~(3)~~

1 (C) A provision that all amendments subsequent to the
2 effective date of the enactment of Part 1 (commencing with
3 Section 6001) relating to sales and use tax and not inconsistent
4 with this part, shall automatically become a part of the sales and
5 use tax ordinance of the city.

6 ~~(4)–~~

7 (D) A provision that the city shall contract prior to the effective
8 date of the city sales and use tax ordinance with the State Board of
9 Equalization to perform all functions incident to the
10 administration or operation of the sales and use tax ordinance of
11 the city which shall continue in effect so long as the county within
12 which the city is located has an operative sales and use tax
13 ordinance enacted pursuant to this part.

14 ~~(5)–~~

15 (E) A provision that the storage, use or other consumption of
16 tangible personal property, the gross receipts from the sale of
17 which has been subject to sales tax under a sales and use tax
18 ordinance enacted in accordance with this part by any city and
19 county, county, or city in this state, shall be exempt from the tax
20 due under this ordinance.

21 ~~(6)–~~

22 (F) A provision that the amount subject to tax shall not include
23 the amount of any sales tax or use tax imposed by the State of
24 California upon a retailer or consumer.

25 ~~(7)–~~

26 (G) A provision that there are exempted from the computation
27 of the amount of the sales tax the gross receipts from the sale of
28 tangible personal property to operators of aircraft to be used or
29 consumed principally outside the city in which the sale is made and
30 directly and exclusively in the use of the aircraft as common
31 carriers of persons or property under the authority of the laws of
32 this state, the United States, or any foreign government.

33 ~~(8)–~~

34 (H) A provision that, in addition to the exemptions provided in
35 Sections 6366 and 6366.1, the storage, use, or other consumption
36 of tangible personal property purchased by operators of aircraft
37 and used or consumed by the operators directly and exclusively in
38 the use of the aircraft as common carriers of persons or property
39 for hire or compensation under a certificate of public convenience



1 and necessity issued pursuant to the laws of this state, the United
2 States, or any foreign government is exempt from the use tax.

3 ~~SEC. 7.—~~

4 *(b) For purposes of this section, “base fiscal year” means the*
5 *fiscal year that immediately follows the fiscal year in which*
6 *Assembly Constitutional Amendment _____ of the 2003–04*
7 *Regular Session is approved by voters.*

8 SEC. 6. Section 7203 of the Revenue and Taxation Code is
9 amended to read:

10 7203. (a) The use tax portion of any sales and use tax
11 ordinance adopted under this part shall impose a complementary
12 tax upon the storage, use or other consumption in the county of
13 tangible personal property purchased from any retailer for storage,
14 use or other consumption in the county. That tax shall be at the rate
15 of 1¹/₄ percent, and on and after ~~July 1, 2004~~ *July 1 of the base*
16 *fiscal year*, three-quarters of 1 percent, of the sales price of the
17 property whose storage, use or other consumption is subject to the
18 tax and shall include:

19 ~~(a)–~~

20 (1) Provisions identical to the provisions contained in Part 1
21 (commencing with Section 6001), other than Section 6201 insofar
22 as those provisions relate to the use tax, except that the name of the
23 county as the taxing agency enacting the ordinance shall be
24 substituted for that of the state (but the name of the county shall
25 not be substituted for the word “state” in the phrase “retailer
26 engaged in business in this state” in Section 6203 nor in the
27 definition of that phrase in Section 6203).

28 ~~(b)–~~

29 (2) A provision that all amendments subsequent to the date of
30 the ordinance to the provisions of the Revenue and Taxation Code
31 relating to the use tax and not inconsistent with this part shall
32 automatically become a part of the ordinance.

33 ~~(c)–~~

34 (3) A provision that the storage, use or other consumption of
35 tangible personal property, the gross receipts from the sale of
36 which has been subject to sales tax under a sales and use tax
37 ordinance enacted in accordance with this part by any city and
38 county, county, or city in this state, shall be exempt from the tax
39 due under this ordinance.

40 ~~(d)–~~

(4) A provision that the amount subject to tax shall not include the amount of any sales tax or use tax imposed by the State of California upon a retailer or consumer.

~~(e)~~

(5) A provision that, in addition to the exemptions provided in Sections 6366 and 6366.1, the storage, use, or other consumption of tangible personal property, other than fuel or petroleum products, purchased by operators of aircraft and used or consumed by the operators directly and exclusively in the use of the aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this state, the United States or any foreign government is exempt from 80 percent of the use tax.

~~SEC. 8.—It is the intent of the Legislature in enacting this act that the state maintain its aggregate funding obligations under Section 8 of Article XVI of the California Constitution.~~

~~SEC. 9.—If Section 97.68 of the Revenue and Taxation Code is amended in a manner that results in a reduction in the amount of ad valorem property tax revenue that is allocated to a city or county pursuant to this act, Sections 2, 3, 4, 5, 6, 7, and 8 of this act shall cease to be operative.~~

~~SEC. 10.—Notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.~~

(b) For purposes of this section, “base fiscal year” means the fiscal year that immediately follows the fiscal year in which Assembly Constitutional Amendment ____ of the 2003–04 Regular Session is approved by the voters.

SEC. 7. Notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division

1 4 of Title 2 of the Government Code. If the statewide cost of the
2 claim for reimbursement does not exceed one million dollars
3 (\$1,000,000), reimbursement shall be made from the State
4 Mandates Claims Fund.

5 SEC. 8. This act shall take effect only if Assembly
6 Constitutional Amendment _____ of the 2003–04 Regular Session
7 is approved by voters and, in that event, shall take effect on the date
8 this act would otherwise take effect or on the day after the election
9 in which the voters approve that measure, whichever is later.

